

Department of Commerce and Labor

Analyst: Milstead

Historical Summary

OPERATING BUDGET	FY 2005 Total App	FY 2005 Actual	FY 2006 Approp	FY 2007 Request	FY 2007 Gov Rec
BY PROGRAM					
Commerce	30,046,700	24,270,000	29,749,400	34,266,000	33,114,700
Idaho Rural Partnership	282,600	129,700	287,200	288,200	286,900
Wage & Hour	555,800	445,300	568,900	599,300	576,300
Total:	30,885,100	24,845,000	30,605,500	35,153,500	33,977,900
BY FUND CATEGORY					
General	7,898,400	7,898,300	7,595,200	10,333,100	9,135,300
Dedicated	6,796,500	6,396,300	6,798,700	8,437,000	8,467,300
Federal	16,190,200	10,550,400	16,211,600	16,383,400	16,375,300
Total:	30,885,100	24,845,000	30,605,500	35,153,500	33,977,900
Percent Change:		(19.6%)	23.2%	14.9%	11.0%
BY OBJECT OF EXPENDITURE					
Personnel Costs	3,807,000	3,338,100	3,971,900	3,977,200	3,919,400
Operating Expenditures	4,678,600	4,878,100	4,743,900	5,767,300	5,799,500
Capital Outlay	18,000	2,100	8,200	33,000	33,000
Trustee/Benefit	22,381,500	16,626,700	21,881,500	25,376,000	24,226,000
Total:	30,885,100	24,845,000	30,605,500	35,153,500	33,977,900
Full-Time Positions (FTP)	61.50	61.50	62.50	63.50	63.50

Department Description

The Commerce side of the department is comprised of the following divisions:

- * Economic Development helps existing businesses expand, encourages the start-up of new Idaho businesses, and helps bring about economic diversification by attracting new businesses to Idaho. It assists local development efforts, and develops, maintains, and disseminates economic and demographic data.

- * Rural and Community Development provides financial and technical assistance to Idaho's cities and counties in the construction and rehabilitation of critical infrastructure to support economic diversification, expansion, and sense of community.

- * Tourism Development helps expand Idaho's tourism and recreation industry by marketing Idaho travel opportunities at home and abroad, distributing grants to communities to promote tourism, and developing the state's film industry.

- * Office of Science & Technology objectives are as follows:

- ~ Build, attract & retain a highly skilled technical workforce.
- ~ Invest in creating research and development excellence & promoting industry-university collaboration.
- ~ Facilitate commercialization of technology developed in Idaho.
- ~ Build an entrepreneurial culture that supports & nurtures new firm formation.
- ~ Invest in the infrastructure needed to support a technology-based economy.
- ~ Establish a national and international image for Idaho as a leading technology center.

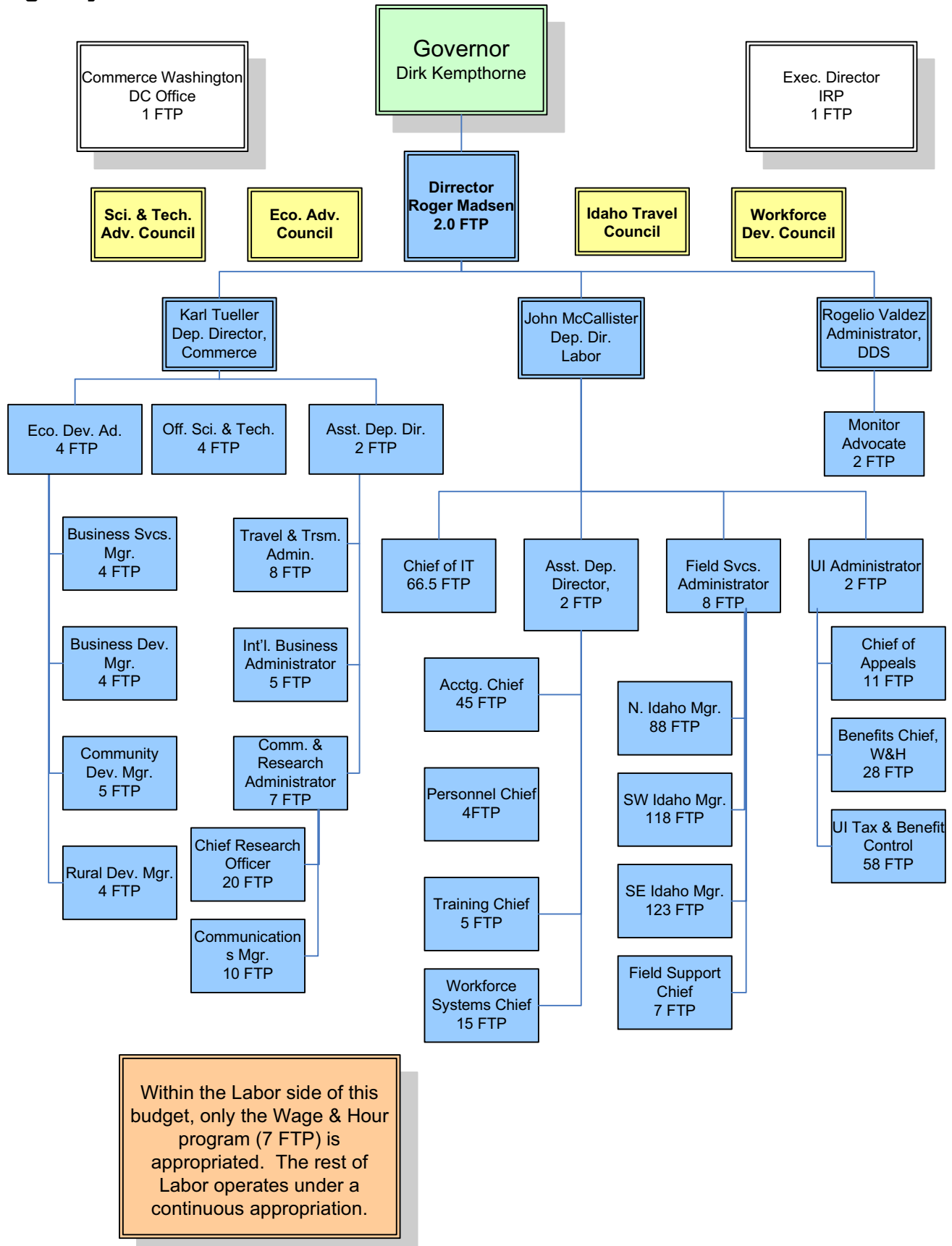
- * International Business assists Idaho businesses export goods and services, helps develop access to new markets, and increases foreign awareness and acceptance of Idaho products and services.

- * Idaho Rural Partnership (IRP), reauthorized by Exec. Order No. 2004-03, joins diverse public and private resources in innovative collaborations to: (i) serve as a "champion" for rural Idaho; (ii) expand competitive access to domestic and international markets; (iii) seek resolution of conflicts especially on environmental issues; (iv) provide leadership training and development; and (v) serve as a "One Stop Shop" for information on rural resources.

Within the Labor side of this department, the Wage & Hour section is the only appropriated program. All other department programs operate on a continuous appropriation of federal funds and funds generated by administration of the employment security law and unemployment insurance taxes. The Wage & Hour section administers Idaho laws regarding the payment of minimum wage and claims for unpaid wages. This program provides redress to citizens for wage and hour law violations, and dispenses information and assistance to employers on wage and hour law provisions.

Department of Commerce & Labor Agency Profile

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Department of Commerce & Labor

Agency Profile

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Sources of Funds

	FY 2006 Original
General Fund (0001): Individual income tax, corporate income tax, sales tax, cigarette tax, beer tax, wine tax, liquor surcharge, kilowatt hour tax, mine license tax, Treasurer's interest on investments of certain idle state funds, court fees and fines, insurance premium tax, sale of alcoholic beverage licenses, unclaimed property, articles of incorporation and uniform commercial code filing fees, estate and transfer tax, and other miscellaneous sources from various agency receipts.	\$7,595,200
Tourism and Promotion (0212): 2% hotel/motel/campground tax and revenues from select special license plates.	\$5,987,000
Economic Recovery Reserve Fund (0150): A portion of the revenue derived from the imposition of the cigarette tax.	\$84,300
Miscellaneous Revenue (0349): Miscellaneous receipts, grants, contributions or donations, Workforce Development Training Fund moneys, and Idaho Career Information System fees.	\$356,300
Federal Grant (0348): Federal funds received from Departments of Agriculture, Defense, and Housing & Urban Development.	\$16,211,600
Seminars and Publications (0401): Derived from fees from publications, seminars and workshops, and trade missions.	\$371,100
	\$30,605,500

Selected Measures

Fiscal Year	FY 2002 Act	FY 2003 Act	FY 2004 Act	FY 2005 Act
<u>Commerce</u>				
Number of jobs created in which ICL contributed	1,791	2,675	2,000	2,873
Number of tourism contacts	1,032,732	1,844,259	2,097,037	2,826,243
Number of gross impressions	173 million	185 million	197 million	241 million
<u>Workforce Investment</u>				
# of customers served:	1,190/	1,111/	949/	802/
Adult/Dislocated/Youth	1,997/1,280	2,087 /1,295	1,706 /1,189	1,296 /1,072
Entered Employment Rate:	91%/	89%/	89%/	87%/
Adult/Dislocated/Youth	94%/90%	93%/87%	93%/89%	93%/94%
<u>Wage and Hour</u>				
Number of contacts with employers/employees providing wage and hour information to prevent future claims	37,235	37,000	38,131	48,363
<u>Unemployment Ins.</u>				
Number of weeks claimed	1,004,196	1,109,612	959,348	712,097
# of covered employees (subject to UI laws)	44,412	45,303	46,772	48,883

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Comparative Summary

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
FY 2006 Original Appropriation	62.50	7,595,200	30,605,500	62.50	7,595,200	30,605,500
HB 395 One-time 1% Salary Increase	0.00	21,900	31,700	0.00	21,900	31,700
1. IRP--Shift to Salary	0.00	0	0	0.00	0	0
Omnibus CEC Supplemental	0.00	0	0	0.00	26,500	37,600
FY 2006 Total Appropriation	62.50	7,617,100	30,637,200	62.50	7,643,600	30,674,800
Expenditure Adjustments	0.00	0	0	0.00	0	7,900
FY 2006 Estimated Expenditures	62.50	7,617,100	30,637,200	62.50	7,643,600	30,682,700
Removal of One-Time Expenditures	0.00	(28,900)	(182,500)	0.00	(28,900)	(182,500)
Base Adjustments	0.00	0	0	0.00	0	0
FY 2007 Base	62.50	7,588,200	30,454,700	62.50	7,614,700	30,500,200
Benefit Costs	0.00	33,500	49,600	0.00	(49,400)	(73,600)
Inflationary Adjustments	0.00	21,300	431,300	0.00	21,300	431,300
Replacement Items	0.00	60,900	64,700	0.00	0	39,000
Statewide Cost Allocation	0.00	6,300	6,400	0.00	6,300	6,400
Change in Employee Compensation	0.00	22,900	32,600	0.00	42,400	60,400
FY 2007 Program Maintenance	62.50	7,733,100	31,039,300	62.50	7,635,300	30,963,700
1. Reed Act Distribution	0.00	0	0	0.00	0	0
2. Rural Initiative Program	0.00	1,950,000	1,950,000	0.00	800,000	800,000
3. TechConnect	0.00	300,000	300,000	0.00	300,000	300,000
4. International Program Expansion	0.00	250,000	250,000	0.00	300,000	300,000
5. Film/Tourism Support	1.00	0	64,200	1.00	0	64,200
6. Small Business Asst. Fund	0.00	100,000	100,000	0.00	100,000	100,000
7. 2% Hotel/Motel Tax--Spending Authority	0.00	0	1,350,000	0.00	0	1,350,000
8. Science & Tech. License Plate	0.00	0	100,000	0.00	0	100,000
9. IRP FTP/Fund Shift	0.00	0	0	0.00	0	0
FY 2007 Total	63.50	10,333,100	35,153,500	63.50	9,135,300	33,977,900
Change from Original Appropriation	1.00	2,737,900	4,548,000	1.00	1,540,100	3,372,400
% Change from Original Appropriation		36.0%	14.9%		20.3%	11.0%

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
FY 2006 Original Appropriation	62.50	7,595,200	6,798,700	16,211,600	30,605,500
HB 395 One-time 1% Salary Increase					
Reflects a one-time 1% Change in Employee Compensation (CEC) increase.					
Agency Request	0.00	21,900	5,300	4,500	31,700
Governor's Recommendation	0.00	21,900	5,300	4,500	31,700
1. IRP--Shift to Salary					
Idaho Rural Partnership					
The US Department of Agriculture is no longer funding the National Rural Partnership program. With the lack of federal funding, the agency is having to transfer existing spending authority for operating expenditures from its miscellaneous revenue fund, where there are resources available, into personnel to cover salaries for the balance of Fiscal Year 2006. No new resources are being requested. The Department states this request is its #1 priority.					
Agency Request	0.00	0	0	0	0
Governor's Recommendation	0.00	0	0	0	0
Omnibus CEC Supplemental					
Agency Request	0.00	0	0	0	0
The Governor's FY 2007 recommendation is a 3% ongoing increase in employee compensation (CEC), based on merit, to commence in FY 2006 with the January 29 pay period. This will allow agencies to fund employee compensation increases for ten pay periods prior to the end of the current fiscal year. Funding for the remaining 16 pay periods is provided in the FY 2007 CEC.					
Governor's Recommendation	0.00	26,500	7,100	4,000	37,600
FY 2006 Total Appropriation					
Agency Request	62.50	7,617,100	6,804,000	16,216,100	30,637,200
Governor's Recommendation	62.50	7,643,600	6,811,100	16,220,100	30,674,800
Expenditure Adjustments					
Agency Request	0.00	0	0	0	0
Governor's Recommendation	0.00	0	7,900	0	7,900
FY 2006 Estimated Expenditures					
Agency Request	62.50	7,617,100	6,804,000	16,216,100	30,637,200
Governor's Recommendation	62.50	7,643,600	6,819,000	16,220,100	30,682,700
Removal of One-Time Expenditures					
Removes funding providing for HB395, the 27th pay period, and other one-time items.					
Agency Request	0.00	(28,900)	(121,600)	(32,000)	(182,500)
Governor's Recommendation	0.00	(28,900)	(121,600)	(32,000)	(182,500)
Base Adjustments					
Reflects the department's shift of spending authority from personnel back to operating in the dedicated fund. Due to the lack of federal support, the agency will request a line item adjustment to address this deficiency in FY 2007.					
Agency Request	0.00	0	0	0	0
Governor's Recommendation	0.00	0	0	0	0
FY 2007 Base					
Agency Request	62.50	7,588,200	6,682,400	16,184,100	30,454,700
Governor's Recommendation	62.50	7,614,700	6,697,400	16,188,100	30,500,200

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
Benefit Costs					
Includes the employer-paid portion of estimated changes in employee benefit costs. The two biggest factors are health insurance rates and retirement rates. Health insurance is projected to increase by 6.1% or \$436 per position. Retirement rates are scheduled to increase by 5.9% from 10.39% to 11% of salary for regular employees and by 5.7% from 10.73% to 11.34% of salary for police and firefighters. Other benefit changes include minor adjustments in unemployment insurance rates and workers compensation rates.					
Agency Request	0.00	33,500	8,900	7,200	49,600
<i>Removes the PERSI rate increase and changes benefit costs to reflect a 3.5% or \$250 per FTP increase in health insurance costs. However, the change in health insurance providers, from Blue Shield to Blue Cross, has created a one-time opportunity to use unexpended reserves from the previous contract. This decision unit provides for a health insurance premium reduction equal to two month's premiums for both the employer and employee. Finally, a life insurance holiday is included equal to seven month's premium for the employer's share only.</i>					
Governor's Recommendation	0.00	(49,400)	(13,200)	(11,000)	(73,600)
Inflationary Adjustments					
Includes a general inflationary increase of 1.9% in operating expenditures and trustee/benefit payments.					
Agency Request	0.00	21,300	113,500	296,500	431,300
<i>Recommended.</i>					
Governor's Recommendation	0.00	21,300	113,500	296,500	431,300
Replacement Items					
Reflects an increase for maintaining the network which provides customer services (Wage and Hour, \$25,700 from General Fund); an increase in operating expense for Microsoft licensing and the replacement of one sedan (Commerce, \$28,000 General Fund, for a passenger van).					
Agency Request	0.00	60,900	2,200	1,600	64,700
<i>The Governor's recommendation provides \$28,000 from the Economic Recovery Reserve Fund for the vehicle and \$10,800 in other dedicated and federal funding for software licensing.</i>					
Governor's Recommendation	0.00	0	37,400	1,600	39,000
Statewide Cost Allocation					
The Statewide Cost Allocation Plan assesses state agencies for their actual use of Attorney General, State Controller and State Treasurer services and includes changes in property and casualty insurance premiums. This decision unit also includes changes in fees charged for legislative audits and changes in the cost of office space leased to state agencies by the Department of Administration.					
Agency Request	0.00	6,300	300	(200)	6,400
Governor's Recommendation	0.00	6,300	300	(200)	6,400
Change in Employee Compensation					
Calculated cost of a 1% salary increase for permanent and group positions.					
Agency Request	0.00	22,900	5,300	4,400	32,600
<i>Provides funding for the remaining 16 pay periods to annualize the 3% ongoing change in employee compensation recommended in the omnibus CEC supplemental.</i>					
Governor's Recommendation	0.00	42,400	9,800	8,200	60,400
FY 2007 Program Maintenance					
Agency Request	62.50	7,733,100	6,812,600	16,493,600	31,039,300
Governor's Recommendation	62.50	7,635,300	6,845,200	16,483,200	30,963,700

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
1. Reed Act Distribution					
The Department requests authorization to use \$7 million in federal Reed Act funds for the administration of Idaho's Unemployment Insurance program over the next two years. This will offset the recent cuts in the state's Federal UI grants. [Analyst Note: These funds are not appropriated by the Legislature but the Department does need Legislative authorization to use the monies for this purpose. This authorization will result in legislation separate and apart from the Department's appropriation].					
Agency Request	0.00	0	0	0	0
Governor's Recommendation	0.00	0	0	0	0
2. Rural Initiative Program					Commerce
The Department requests \$1,950,000 (General Fund, on-going) in support of the Governor's rural initiative. The request will increase funding for economic development in rural Idaho. The agency states that this additional funding is needed to adequately fund and expand rural economic development organizations in distressed areas of rural Idaho. The rural grant program targets rural communities under 10,000 in population. The twelve rural economic development organizations currently cover 22 of the state's 44 counties.					
Agency Request	0.00	1,950,000	0	0	1,950,000
<i>The governor increases the Rural Initiative program by \$800,000. Of this increase, \$700,000 will be dedicated to the rural Community Development Block Grant program (RCBG) and \$100,000 to the Rural Economic Development Specialist Program. The governor recommends that \$500,000 of the RCBG increase be targeted to science and technology related projects in rural Idaho.</i>					
Governor's Recommendation	0.00	800,000	0	0	800,000
3. TechConnect					Commerce
The Department requests \$300,000 (General Fund, on-going) to support the establishment of a state TechConnect program to provide technical support for technology-related small businesses. This request stems from the Governor's Office of Science and Technology Advisory Council's Strategic Plan calling for the development of an infrastructure and support for entrepreneurial and start-up companies. This request would fund four regional technology offices located in Post Falls, Nampa, Idaho Falls, and Twin Falls, and be administered by a new state TechConnect, private non-profit organization. This would target small growing entrepreneurial technology companies. Currently, there exist three independent regional TechConnect offices which have been funded by the former INEEL (now INL). However, long-term on-going funding is no longer available from INL. This request will be used to provide partial support for staff and administration to expand. Additional federal and private funds will be used to supplement and provide research and investment opportunities for small Idaho companies.					
Agency Request	0.00	300,000	0	0	300,000
Governor's Recommendation	0.00	300,000	0	0	300,000
4. International Program Expansion					Commerce
This request is for \$250,000 (General Fund, on-going) for program enhancements and expansion of Asia Trade Offices to support Idaho companies as they expand their business to key export markets. Six of Idaho's top ten international markets are in Asia. International trade into these countries continues to offer Idaho businesses a major avenue for economic expansion. Idaho exports totaled just over \$2.9 billion in 2004, up 39% from 2003. In order to remain competitive, Idaho companies must continue to expand their business into these emerging areas. The new effort would expand the capabilities of the state's Asian trade office to participate in additional trade events. Small and medium-sized Idaho businesses will be the target group for these services. [NOTE: The Boise office of the International Division has two individuals to support the state's marketing efforts in Asia. No FTP are included in this request; contract help may be used with part of this requested increase].					
Agency Request	0.00	250,000	0	0	250,000
<i>Provides funding to create a new part-time office in Japan and upgrade the current Shanghai, China office to full-time status.</i>					
Governor's Recommendation	0.00	300,000	0	0	300,000

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
5. Film/Tourism Support					Commerce
<p>The Department requests 1.0 FTP and \$64,200 (dedicated funds) for an additional staff person for the Tourism Development Division. This request includes salary plus benefits, travel expenses, and capital outlay for office and computer equipment. The request is related to ongoing efforts of a Film Industry Task Force, to increase the amount of filming done in Idaho. The FTP would be a Film/Tourism Marketing Specialist (\$36,200 in salary, \$15,500 in benefits). This request would serve the entire state and specifically those that work or seek to work in the film industry, those that offer education in film and digital video and related industries, and nonprofit organizations that organize film festivals within the state. This request will be funded from receipts of an existing two percent tax on lodging properties under the Tourism Development Division.</p>					
Agency Request	1.00	0	64,200	0	64,200
<i>Governor's Recommendation</i>	<i>1.00</i>	<i>0</i>	<i>64,200</i>	<i>0</i>	<i>64,200</i>
6. Small Business Asst. Fund					Commerce
<p>The Department requests \$100,000 (General Fund, on-going) to assist Idaho small businesses in the development of Small Business Innovation research (SBIR) proposals through an SBIR Assistance/Incentive Fund. The Department notes that other rural states such as Montana, Wyoming, and South Dakota have increased the number of federally funded SBIR awards to small businesses in their states through implementation of similar funding programs. The funds will be used to help eligible Idaho small businesses offset the costs associated with the development of SBIR proposals. The Department's SBIR program coordinator will oversee this funding program. The entire \$100,000 will be used to offset eligible businesses' SBIR proposal development costs through individual awards not to exceed \$5,000. The goal of this request is to increase the number of submitted proposals from Idaho small businesses and on increasing the number of SBIR awards granted to these businesses. A longer term measure would include economic job growth in companies funded by SBIR awards. [Analyst Note: Last year the Legislature approved a 1.0 FTP for an SBIR coordinator. This coordinator would oversee this funding program].</p>					
Agency Request	0.00	100,000	0	0	100,000
<i>Governor's Recommendation</i>	<i>0.00</i>	<i>100,000</i>	<i>0</i>	<i>0</i>	<i>100,000</i>
7. 2% Hotel/Motel Tax--Spending Authority					Commerce
<p>The Department requests \$1,350,000 in dedicated fund spending authority to market Idaho travel opportunities at home and abroad, to distribute grants to communities for promoting tourism, and to assist in the development of tourism based businesses. The agency states that collections of the two percent hotel/motel and private campground tax have once again experienced robust growth while spending authority has remained constant. This request would bring spending authority closer to actual revenues. Specifically, the Department hopes to increase the number of inquiries of travel information, expand the number of visitor days, and increase the number of visitors served at gateway centers.</p>					
Agency Request	0.00	0	1,350,000	0	1,350,000
<i>Governor's Recommendation</i>	<i>0.00</i>	<i>0</i>	<i>1,350,000</i>	<i>0</i>	<i>1,350,000</i>
8. Science & Tech. License Plate					Commerce
<p>The agency requests \$100,000 in dedicated fund spending authority to reflect last year's SB1091 which provides for a new "Science & Technology" specialty license plate. The new plate became effective January 2006. Revenue from the new plate will go to marketing science and technology for the state.</p>					
Agency Request	0.00	0	100,000	0	100,000
<i>Governor's Recommendation</i>	<i>0.00</i>	<i>0</i>	<i>100,000</i>	<i>0</i>	<i>100,000</i>

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
9. IRP FTP/Fund Shift			Idaho Rural Partnership		
The Department requests a fund shift of \$110,200 (in personnel costs) from federal to dedicated funds. The agency notes that the U.S. Department of Agriculture is no longer providing funding for the National Rural Partnership program. The program receives outside contributions which assist them in carrying out their mission. This FTP/Fund shift will allow the IRP to continue with public and private resources.					
Agency Request	0.00	0	110,200	(110,200)	0
The Governor's recommendation reflects slight adjustments for benefit cost roll-ups.					
Governor's Recommendation	0.00	0	107,900	(107,900)	0
FY 2007 Total					
Agency Request	63.50	10,333,100	8,437,000	16,383,400	35,153,500
Governor's Recommendation	63.50	9,135,300	8,467,300	16,375,300	33,977,900
Agency Request					
Change from Original App	1.00	2,737,900	1,638,300	171,800	4,548,000
% Change from Original App	1.6%	36.0%	24.1%	1.1%	14.9%
Governor's Recommendation					
Change from Original App	1.00	1,540,100	1,668,600	163,700	3,372,400
% Change from Original App	1.6%	20.3%	24.5%	1.0%	11.0%